## **ISSUED MAY 8, 1998**

# OF THE STATE OF CALIFORNIA

CARLOS ALMENDRA & MITZE EUBANKS	) AB-6864 )
dba Sand Bar Cafe	) File: 47-227354
3878 Carlsbad Blvd.	) Reg: 96037655
Carlsbad, CA 92008,	)
Appellants/Licensees, v.	) Administrative Law Judge ) at the Dept. Hearing: ) Rodolfo Echeverria
DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL, Respondent.	Date and Place of the Appeals Board Hearing: February 4, 1998 Los Angeles, CA

Carlos Almendra and Mitze Eubanks, doing business as Sand Bar Cafe
(appellants), appeal from a decision of the Department of Alcoholic Beverage
Control<sup>1</sup> which conditionally revoked their on-sale general public eating place
license, with imposition of revocation stayed for a two-year probationary period,
and as a condition of probation that a 25-day suspension be served and appellants
consent to the imposition of seven conditions on their license, for creating
conditions contrary to the public welfare and morals provisions of the California

<sup>&</sup>lt;sup>1</sup>The decision of the Department, dated April 24, 1997, is set forth in the appendix.

Constitution, article XX, §22, arising from violations of Business and Professions Code §§24200, subdivision (a) (creating law enforcement problems), 24200, subdivision (d) (failure to correct objectionable conditions), and 25601 (disorderly house); Civil Code §3479 (public nuisance), and Penal Code §§370 and 373a (public nuisance).

Appearances on appeal include appellants Carlos Almendra and Mitze Eubanks, appearing through their counsel, Robert L. Simpson, Allen L. Thomas, and William R. Winship, Jr.; and the Department of Alcoholic Beverage Control, appearing through its counsel, Jonathon E. Logan.

#### FACTS AND PROCEDURAL HISTORY

Appellant's on-sale general public eating place license was issued on February 14, 1989. The premises had been licensed from 1953 to 1958 with an on-sale beer license. Thereafter, the license was changed to an on-sale general eating place license in 1975. Appellants' acquired the premises in 1989 [Exhibit EE].

The premises is a relatively small building with a public street running in front of the premises and the Pacific Ocean on the opposite side of that street. The area is essentially residential in nature except for the beach frontage which faces the front side of the premises. A residential street runs on one side of the premises with residences across from the premises on the opposite side of that street [Exhibits 7, 8, 11, 13, 19, 20, 22, 23, 30, and 35].

Apparently, the premises is a popular place for members of the community, and others, to congregate. The premises are open each day of the week until 2 a.m., with live entertainment provided, except on Mondays during the football season when football games are viewed [Exhibits 24 & 29; RT I, 41, 1491, 1516, 1538].

The Department instituted an accusation against appellant charging that various statutes had been violated:

- 1). Count 1 concerns the disorderly house allegations, that from May 1, 1994, through March 29, 1996, a period of 22 months, there were 11 incidents: five incidents of intoxication, two incidents of driving while under the influence of alcohol, and the remainder concerning fights, resisting arrest, and public urination;
- 2). Count 2, which charged the creation of law enforcement problems, included the 11 subcounts of the disorderly house allegations, with 49 incidents of police calls to the premises area from July 20, 1995, through September 7, 1996, a period just over 13 months;
- 3). Counts 3 and 4 allege a public nuisance was created by the incidents as set forth in counts 1 and 2;
- 4). Count 5 alleges that after notice to correct objectionable conditions, appellants failed to do so. The Department alleged that on April 27, 1993, notice was given of disorderly house conditions; on August 10, 1994, by telephone, appellants were warned as to contaminated bottles in the

premises; and on September 29, 1995, and November 14, 1995, written warning was given to correct objectionable conditions.

An administrative hearing was held on March 3 through 7, 10 and 11, 1997, at which time oral and documentary evidence was received. At that hearing, testimony was presented concerning the alleged violations.

Subsequent to the hearing, the Department issued its decision which determined that most of the allegations were true. Appellants thereafter filed a timely notice of appeal.

In their appeal, appellants raise the following issues: (1) the findings are not supported by substantial evidence, as those findings consider the disorderly house, law enforcement problems, and nuisance allegations; (2) the use of the Department's own Administrative Law Judge deprived appellants of due process; (3) appellants' sound expert's testimony was improperly excluded, (4) there is new evidence which the Department should consider, requiring a remand of the matter to the Department for further proceedings; and (5) the penalty is excessive.

#### **DISCUSSION**

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Appellants contend the findings which consider the disorderly house, law enforcement problems, and nuisance allegations, are not supported by substantial evidence, arguing that local residents do not consider the operation of the premises objectionable.

The Department is authorized by the California Constitution to exercise its discretion whether to suspend or revoke an alcoholic beverage license, if the Department shall reasonably determine for "good cause" that the continuance of such license would be contrary to public welfare or morals.

The scope of the Appeals Board's review is limited by the California

Constitution, by statute, and by case law. In reviewing the Department's decision,
the Appeals Board may not exercise its independent judgment on the effect or
weight of the evidence, but is to determine whether the findings of fact made by
the Department are supported by substantial evidence in light of the whole record,
and whether the Department's decision is supported by the findings.<sup>2</sup>

#### A. Disorderly House allegations - Finding III

The Appeals Board views the manner of the operation of the premises which creates or tends to create such disturbances as alleged and proven, to be the foundational basis of a violation of the disorderly house statute. The disorderly house statute, Business and Professions Code §25601, states in pertinent part:

"Every licensee ... who keeps, permits to be used, or suffers to be used, in conjunction with a licensed premises, any disorderly house or place in which people abide or to which people resort, to the disturbance of the neighborhood ...."

After a review of the record, the Appeals Board determines:

<sup>&</sup>lt;sup>2</sup>The California Constitution, article XX, §22; Business and Professions Code §§23084 and 23085; and Boreta Enterprises, Inc. v. Department of Alcoholic Beverage Control (1970) 2 Cal.3d 85 [84 Cal.Rptr. 113].

- 1. Subcount A is not supported by substantial evidence to warrant a finding that the public urination at the premises was in some manner chargeable to appellants, or a breach of their responsibility under their license, as the premises was closed at the time of the incident and there was no evidence of intoxication [RT I, 863, 865-866].
- 2. Subcount B is supported by substantial evidence, with the intoxicated person having been in the premises [RT I, 1098-1099, 1103].
- 3. Subcount C is supported by substantial evidence, with the intoxicated person scuffling with the premises' security and later a police officer, which brings the incident within the statute [RT I, 1127-1128].
- 4. Subcount D was supported by substantial evidence. Evidence Code §1237 provides for past recollection recorded [RT I, 887-895].
- 5. Subcount E was not supported by substantial evidence as there was insufficient proof of the elements of the crime as required by Penal Code §242 [RT I, 992-994].
  - 6. Subcount F was supported by substantial evidence [RT I, 995-999].
- 7. Subcount G was supported by substantial evidence as the evidence comes within the disorderly house statute. No objection was made to hearsay evidence [RT I, 1000-1005].
- 8. Subcount H was supported by substantial evidence. While verbal abuse would not be actionable under the facts of this matter, conduct is within the statute cited. (See Blundell (1998) AB-6821) [RT II, 35-42].

- 9. Subcount I was supported by substantial evidence [RT I, 1005-1008].
- 10. Subcount J was supported by substantial evidence. No objection was made to hearsay evidence [RT I, 1104-1107].
  - 11. Subcount K was supported by substantial evidence [RT I, 763-792].

Of the 11 subcounts concerning a finding of a disorderly house finding, 9 were properly proven.

### B. Law Enforcement allegations - Finding IV

The Department alleged 49 incidents where police officers were called to the premises, thus allegedly imposing inordinate time and effort upon police department personnel. The Administrative Law Judge in finding IV, A, found that of the 49 allegations, "more than half are reasonably related to the operation of the premises." This appellate tribunal is unable to determine from the finding how many of the allegations the Administrative Law Judge found to be true.<sup>3</sup>

A licensee has a duty under its license to control and maintain a lawfully run establishment. Police calls to the premises or in close proximity which are connected to the operation of the premises, place on the police a possible inordinate time expenditure, which if proven, is sanctionable.

A review of the record shows that subcounts 8, 12, 14, and 34, were not supported by substantial evidence; subcounts 9, 13, 19, 30, 33, 35, 47, and 48,<sup>4</sup>

<sup>&</sup>lt;sup>3</sup>Speculation to find some generally acceptable number of violations is no substitute for the duty of the Administrative Law Judge to carefully read and consider the evidence.

<sup>&</sup>lt;sup>4</sup>Subcounts 30, 33, 47, and 48 were amended at the time of the administrative hearing to show that the calls were about the burglar alarm.

were not supported by substantial evidence as the contact was due apparently to a faulty alarm system, a problem which does not concern the operation of the premises under its alcoholic beverage license, but is a problem to be possibly resolved by the city and appellants; subcount 29 was not supported by substantial evidence, as it was a call from a citizen wanting the police to see if he left his auto at the premises.

We determine that there were 36 properly proven demands for police services over a period of 13 months.

C. Failure to Correct Objectionable Conditions - Finding VI- E, G, I, K

Appellants and a representative of the Department discussed noise and disturbances with nearby residents as far back as April 1993 [Exhibit 2]. Other warnings were given by the Department, in September 1995 [Exhibit 3] and November 1995 [Exhibit 4], with the warnings also listing some suggestions to contain the problems, such as, uniformed security, closure of windows, control of loitering in the parking lot, and discontinuation of the disposal of trash in the late evening hours. Many written complaints were received from nearby residents [Exhibits 6, 9, 12, 14, 15, 16, 18, 21, 25, and 27]. One resident, Ted Viola, kept a log for the period August 24 to December 23, 1995, showing 60 instances of after-midnight disturbances [Exhibit 12].

Nine residents testified concerning loud music noise from the premises, early morning loud talking, cursing, yelling, screaming, and fighting from drunks and other persons who were on their way to, or returning from the premises. Public

urination, and breaking bottle noise, along with other noise, disturbed the sleep of residents in the late night and early morning hours [RT I, 224-225, 228-229, 232, 264-268, 288-290, 570, 573, 575-576, 596-597, 617, 716-717, 739-744].

The record also shows that during 1995 and 1996, the premises served approximately 170,000 patrons. The estimate given was that there were 200 to 300 patrons per day on the weekends, and 150 patrons daily during the week [RT I, 1491]. Exhibit 20 shows the relatively small parking area at the premises, with the premises literally surrounded by apartments and dwellings [see references to the exhibits on page 3, supra].

#### D. Nuisance allegations.

A public nuisance is one which affects any considerable number of persons.

(Civil Code §3480.) We view the complaints of 26 persons as shown in the record as constituting a considerable number.<sup>5</sup>

Appellants submitted hundreds of signatures of persons who, according to the form petitions, support the premises' operation (Exhibits JJ and KK). In Exhibit LL, appellants submitted 34 form declarations of apparent nearby residents who state they did not view the premises as a detracting element in the community.

On April 27, 1993, appellants discussed with a Department supervisor the complaints by nearby residents [Exhibit 2]. On September 29, 1995, a letter was sent

<sup>&</sup>lt;sup>5</sup>Appellants caused Exhibit EE to be admitted into evidence. The exhibit is a report made by the Department's investigator. In that report, after stating the Department determined the premises was operating in such a manner as constituting a public nuisance, it listed 26 people as "persons involved," and who had filed letters of protest concerning the alleged noise.

from a Department supervisor to appellants warning then that they had failed to comply with controlling disturbances created by patrons exiting the premises [Exhibit 3]. On November 14, 1995, an unsigned document (by appellants) attests that there were police reports filed concerning disturbances, and neighbor complaints as to noise [Exhibit 4].

Additionally, as the Appeals Board has set forth in the above review labeled Failure to Correct Objectional Conditions portion of this review [page 8, supra], nearby residents testified to scenes of extreme noise and interference with their sleep in the morning hours.

The Department alleges that the operation of the premises created a nuisance, and alleges a violation of Civil Code §3479. The Code states in pertinent part:

"Anything which is injurious to health ... or is indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property ... is a nuisance."

Civil Code §3491 states that a remedy of a public nuisance is by "... civil action ...." Civil Code §3491 also states that "... A public nuisance may be abated by any public body ...."

Penal Code §370 is also alleged, being essentially a duplication of Civil Code §3479.

The Department also alleged Penal Code §373a which states in pertinent part:

"Every person who maintains, permits, or allows a public nuisance to exist upon his or her property or premises ... after reasonable notice in writing from a ... district attorney or city attorney ... to remove, discontinue or abate the same has been served upon such person ...."

The allegations under Penal Code §373a were not supported by substantial evidence, as Exhibits 31 and 32 do not sufficiently come within the requirements of the statute.

Appellants argue that the Department has no statutory authority to prosecute or abate a public nuisance in a disciplinary proceeding on behalf of itself or the complaining nearby residents.

The Department has not proceeded upon the nuisance theory in an attempt to abate the problem, but to impose sanctions under authority of Business and Professions Code §24200, subdivision (a), upon appellants for conduct which appellants have allegedly caused or created. What makes the action of the Department proper is that it has proceeded under the authority conferred upon it by the Constitution to protect the public welfare and morals in the area of the sale and distribution of alcoholic beverages (Determination of Issues VI).<sup>6</sup> That is, continuation of the license would be "harmful or undesirable," per Boreta Enterprises, Inc. v. Department of Alcoholic Beverage Control (1970) 2 Cal.3d 85, 99 [84 Cal.Rptr. 1113], for the common community good. While the Boreta case is factually dissimilar, the Board believes the case sets forth the best analysis of the concept called "public welfare or morals."

The <u>Boreta</u> court stated, concerning the concept of public welfare or morals, the following:

"It seems apparent that the 'public welfare' is not a single, platonic archetypal idea, as it were, but a construct of political philosophy embracing

<sup>&</sup>lt;sup>6</sup>The Department has determined that Business and Professions Code §24200, subdivisions (a), applies, as well as subdivisions (b) and (e). While inclusion of subdivision (e) was proper, inclusion of subdivision (b) was erroneous, but this error was not raised on appeal. The erroneous inclusion is not dispositive.

a wide range of goals including the enhancement of majority interest in safety, health, education, the economy, and the political process, to name a few. In order intelligently to conclude that a course of conduct is 'contrary to the public welfare its effects must be canvassed, considered and evaluated as being harmful or undesirable...."

In footnote 22 at 2 Cal.3d 99, the court proceeded to state:

"We do not mean to intimate that the Department is confined to considering violations of criminal statutes or department [sic] directives as grounds for suspension or revocation under section 24200, subdivision (a). It is not disputed that while the Department may properly look to and consider a licensee's violation of the Alcoholic Beverage Control Act, the Penal Code, other state and federal statutes, or Department rules as constituting activities contrary to the public welfare or morals, it may also act on situations contrary to the public welfare or morals in the sale or serving of alcoholic beverages, regardless of legislative expressions of policy on the subject or prior department announcements."

The Appeals Board in its review believes that it must consider the decision of the Department within two contexts, (1) the Department's responsibility under the public welfare or morals provisions of Constitution, and (2) a pattern of misconduct by appellants as shown in the record.<sup>7</sup>

The Department has shown that the disorderly house statute was violated, that appellants' operation caused police calls to its premises during a period of

<sup>&</sup>lt;sup>7</sup>We are guided by two basic principles, the first of which states that: "If the decision is without reason under the evidence, the action of the Department constitutes an abuse of discretion and may be set aside. But where the decision is subject to a choice within reason, the Department is vested with the discretion of making the selection...." (Department of Alcoholic Beverage Control v. Alcoholic Beverage Control Appeals Board (1982) 133 Cal.App.3d 814, 817 [184 Cal.Rptr. 367].) The second concept is that "Review for abuse of discretion consists of two distinct inquiries: the adequacy of the factual underpinning of the discretionary decision and the rationality of the choice." (The Scope of Judicial Review of Decisions of California Administrative Agencies, Asimow, June 1995, Vol.42, No. 5, p. 1229.)

time, and that appellants, knowing that their operation was creating objectionable conditions, failed to sufficiently alter their operation to correct those conditions.

The Department has alleged nuisance allegations which, under the public welfare or morals standard, denotes problems which were unnecessarily being borne by nearby residents.8

The pattern of conduct by appellants is of major significance. The record is replete with evidence that the premises generated noise from within the premises until the early morning hours. Also, departure of patrons from the premises at all hours (2 a.m. or earlier), to their cars parked in front of residences and apartment complexes created objectional noise.

While this is not a case warranting unconditional revocation, the case is sufficient to warrant some minimal penalty, and control over the premises' operation through some means to ensure an operation that in the future will not unreasonably adversely impact nearby residents.

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Appellants contend the use of the Department's own Administrative Law

Judge deprived appellants of their due process rights. The Appeals Board is not able
to determine the basis of this contention and appellants' reasoning as to how the use of
an Administrative Law Judge within the Department of Alcoholic Beverage Control is a
deprivation of appellants' due process rights.

<sup>&</sup>lt;sup>8</sup>It is noted that the objectionable conditions in the main commenced after appellants obtained their license and altered the previous manner of operation of the premises which created an enticing atmosphere, causing a draw of people who daily enjoy the premises and programs presented.

The California Constitution, article 3, §3.5, prohibits the Board from declaring a statute, such as the statute that allows the Department to use its own Administrative Law Judges, unconstitutional.

If the contention is one of bias, the thrust of the cases is that an appellant must show some evidence of actual bias (usually to that particular appellant) before the Administrative Law Judge's hearing the matter can be challenged. (Andrews v. Agricultural Labor Relations Board (1981) 28 Cal.3d 781 790-793 [171 Cal.Rptr. 590].)

We view the contention as not having sufficient thrust of logic, as we read

Government Code §§11512 and 11517. The Department is the final trier of fact and as such, the collection of evidence by the administrative law judge is to assist the Department in its final authorized position to render a decision which is proper. We determine the use of the administrative law judge did not deprive appellants of their due process rights.

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Appellants contend their sound expert's testimony was improperly excluded. There is no question after a reading of the record that appellants' expert witness was well qualified to render an opinion as to his sound findings. This is not the issue. The ultimate issue is whether the administrative law judge properly determined that the testimony was irrelevant.

The record shows that of the contacts by police at the premises (Finding IV, A), 24 incidents were due in part to some noise at or near the premises and associated with patrons who were coming to or leaving the premises. That is, the exercise of the license created the following noise and disturbance incidents: 11

incidents from 10 p.m. to midnight; eight incidents from midnight to 1 a.m; four incidents occurred from 1 a.m. to 2 a.m.; and one incident thereafter.

The United States Supreme Court has declared its concern for the tranquility of residential areas and the need to be free from disturbances. (Carey v. Brown (1980) 447 U.S. 455, 470-471, 100 S.Ct. 2286, 2295-2296, 65 L.Ed.2d 263.)

Other "locational" cases involving protection of residential neighborhoods include Young v. American Mini Theaters, Inc. (1976) 427 U.S. 50, 96 S.Ct. 2440, 49 L.Ed.2d 310, and Matthews v. Stanislaus County Board of Supervisors (1962) 203 Cal.App.2d 800 [21 Cal.Rptr. 914].

Noise from inside and outside the premises, caused by patrons around or leaving the premises, with arguments and fights, is something the Department is duty bound to control.

In the "residential quiet enjoyment"/"law enforcement problem" case of <u>Kirby</u> v. <u>Alcoholic Beverage Control Appeals Board & Schaeffer</u> (1972) 7 Cal.3d 433, 441 [102 Cal.Rptr. 857], the Supreme Court said "...the department's role in evaluating an application...is to assure that public welfare and morals are preserved from probable impairment in the future...[and] in appraising the likelihood of future harm...the department must be guided to a large extent by past experience and the opinions of experts." The court concluded that issuance of the license would interfere with nearby residential quiet enjoyment even though no nearby resident had voiced opposition to the license.

The main point applicable in the present appeal, is that the <u>Kirby</u> court took note of substantial evidence on both sides of the issue and concluded that the expert witness testimony of the County Sheriff was sufficient to support the Department's crucial findings.

Appellants argue that the purpose of the expert was to "... introduce evidence concerning the ambient level of noise in and around the Sandbar and to establish that noise standards are attainable for the scientific purpose of determining what is 'excessive noise' rather than rely on the Department's or neighbors' subjective standard."

We doubt whether an expert can tell a resident what level of noise and disturbance should or should not bother that resident. The use of expert opinion in this matter would only shift the focus from the duty of appellants to maintain a reasonably quiet environment, to whether at a given time the noise is by some scientific determination, not bothersome to others. Common knowledge causes us to view temperature, time of night, and weather, as having some impact on the ability of noise to travel over the residential area, and could limit or expand the noise volume at a given location. Appellants in their brief, decry the "subjective testimony" of the residents, whose complaints must be tested against the measuring rod of reasonableness under the circumstances.

We determine that the administrative law judge reasonably excluded the testimony of appellants' expert on the grounds of relevancy.

Appellants contend there is new evidence which the Department should consider, requiring a remand of the matter to the Department.

Appellants have offered evidence that the city has now allowed a parking area near the premises (across the street on the ocean frontage), to allow parking from the present 11 p.m. to 2 a.m. daily. This may be newly discovered evidence, but it is not relevant and clearly not a mitigating factor as argued by appellants.

The opening of additional parking may in the future cause less or even the elimination of on-street parking in front of nearby residences. However, the problem has been ongoing for some years and the complaints continuous for that duration of time, hence the need to impose sanctions for the past inaction by appellants, and for conditions to help in controlling future problems, which the additional parking may assist.

We determine that the alleged opening of the parking area is not of sufficient relevancy to remand the matter for consideration by the Department.

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Appellants contend the penalty is excessive, arguing that similar violations under different statutes were alleged to enhance the penalty.

The Appeals Board will not disturb the Department's penalty orders in the absence of an abuse of the Department's discretion. (Martin v. Alcoholic Beverage Control Appeals Board & Haley (1959) 52 Cal.2d 287 [341 P.2d 296].) However, where an appellant raises the issue of an excessive penalty, the Appeals Board will examine that issue. (Joseph's of Calif. v. Alcoholic Beverage Control Appeals Board (1971) 19 Cal.App.3d 785 [97 Cal.Rptr. 183].)

We determine that the imposition of the stayed revocation to obtain reasonable conduct by appellants is reasonable, considering the record as a whole which includes the photographs of the area, the testimony of the residents, and the proven allegations of the accusation.

We determine that the imposition of the conditions to keeping the windows closed, reducing the hours of operation to midnight, controlling the times that live entertainment is permitted, and assuring that live entertainment noise is not to be heard beyond the parking lot, are reasonable.

The authority of the Department to impose reasonable conditions on a license is set forth in Business and Professions Code §23800, subdivision (b): "Where findings are made ... which would justify a suspension or revocation of a license, and where the imposition of a condition is reasonably related to those findings. In the case of a suspension, the conditions may be in lieu of or in addition to the suspension." Section 23801 states that the conditions "...may cover any matter...which will protect the public welfare and morals...."

We therefore view the word "reasonable" as set forth in §23800 to mean reasonably related to resolution of the problem for which the condition was designed. Thus, there must be a nexus, defined as a "connection, tie, link," in other words, a reasonable connection between the problem sought to be eliminated, and the condition designed to eliminate the problem. The conditions are reasonably aimed at the internal operation of the premises. The conditions which

<sup>&</sup>lt;sup>9</sup>See Webster's Third New International Dictionary, 1986, page 1524.

control the hours of operation will be a major factor in curbing early morning noise (at least the noise will tend to reduce two hours earlier than presently), as well as reduction of outside noise in the early morning hours.

However, the imposition of the 25-day suspension does not appear reasonable. Penalties are not for punishment in administrative matters, but to obtain conformity to the law and protection of the public.

The penalty assessed imposes some heavy sanctions on appellants which will most likely impact appellants, by (1) revocation stayed for a two-year probationary period to ensure conformity to the law, which, if violated, could cause the termination of the license; and (2) the imposition of conditions which reduce the time for the sales and consumption of alcoholic beverages from 2 a.m. to midnight, each day of the week, a heavy economic sanction in its own right, and which is likewise for live entertainment and dancing. While the Appeals Board rarely considers the economic impact of a decision, in this case, the added 25-day suspension to the conditional revocation of the license and the conditions, is unreasonable.

We conclude that the penalty of 25 days suspension is excessive under the facts of this case, and needs be reduced greatly to ensure any penalty discussed is not for the purpose of punishment, but to insure compliance with the laws and rules of the Department. (Cornell v. Reilly (1954) 127 Cal.App.2d 178, 187 [273 P.2d 572, 576-577].)

#### CONCLUSION

The decision of the Department of Alcoholic Beverage Control is reversed as to Determination of Issues I, subcounts A and E; Determination of Issues II, subcounts 8-9, 12-14, 19, 29-30, 33-35, 47, and 48; Determination of Issues IV; and Determination of Issues VI as VI applies to the enumerated subcounts.

The decision of the Department of Alcoholic Beverage Control is affirmed as to remaining subcounts of the Determination of Issues.

The penalty order is reversed, and the matter remanded to the Department for reconsideration of the penalty in light of this conclusion and the views expressed in this decision.<sup>10</sup>

BEN DAVIDIAN, CHAIRMAN
RAY T. BLAIR, JR., MEMBER
JOHN B. TSU, MEMBER
ALCOHOLIC BEVERAGE CONTROL
APPEALS BOARD

<sup>&</sup>lt;sup>10</sup>This final decision is filed in accordance with Business and Professions Code §23088, and shall become effective 30 days following the date of the filing of this final decision as provided by §23090.7 of said code.

Any party may before this final decision becomes effective, apply to the appropriate district court of appeal, or the California Supreme Court, for a writ of review of this final decision in accordance with Business and Professions Code §23090 et seq.